

123 FERC ¶ 61,009  
UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Joseph T. Kelliher, Chairman;  
Sudeen G. Kelly, Marc Spitzer,  
Philip D. Moeller, and Jon Wellinghoff.

Progress Energy, Inc.

Docket Nos. OA07-88-000  
OA07-88-001

ORDER ACCEPTING COMPLIANCE FILING, AS MODIFIED

(Issued April 3, 2008)

1. On September 11, 2007, as amended on December 10, 2007, pursuant to section 206 of the Federal Power Act (FPA),<sup>1</sup> Progress Energy, Inc. (Progress Energy), on behalf of its subsidiaries Carolina Power & Light Company d/b/a Progress Energy Carolinas, Inc. (PEC) and Florida Power Corporation d/b/a/ Progress Energy Florida, Inc. (PEF), submitted a revised version of Attachment C (Methodology to Assess Available Transfer Capability) to its Open Access Transmission Tariff (OATT), as required by Order No. 890.<sup>2</sup> In this order, we accept Progress Energy's compliance filing, as modified, as in compliance with Order No. 890, as discussed below.

**I. Background**

2. In Order No. 890, the Commission reformed the *pro forma* OATT to clarify and expand the obligations of transmission providers to ensure that transmission service is provided on a nondiscriminatory basis. Among other things, Order No. 890 amended the *pro forma* OATT to require greater consistency and transparency in the calculation of Available Transfer Capability (ATC), open and coordinated planning of transmission systems and standardization of charges for generator and energy imbalance services. The Commission also revised various policies governing network resources, rollover rights and reassignments of transmission capacity.

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<sup>1</sup> 16 U.S.C. § 824e (2000 & Supp. V 2005).

<sup>2</sup> *Preventing Undue Discrimination and Preference in Transmission Service*, Order No. 890, 72 Fed. Reg. 12,266 (Mar. 15, 2007), FERC Stats. & Regs. ¶ 31,241 (2007), *order on reh'g*, Order No. 890-A, 73 Fed. Reg. 2984 (Jan. 16, 2008), FERC Stats. & Regs. ¶ 31,261 (2007).

3. The Commission established a series of compliance deadlines to implement the reforms adopted in Order No. 890. Transmission providers that have not been approved as independent system operators (ISO) or regional transmission organizations (RTO), and whose transmission facilities are not under the control of an ISO or RTO, were directed to submit, within 180 days from publication of Order No. 890 in the *Federal Register* (i.e., September 11, 2007), section 206 compliance filings to revise Attachment C of their OATTs.

## **II. Compliance Filing**

4. On September 11, 2007, Progress Energy filed revised tariff sheets proposing changes to PEC's and PEF's Methodology to Assess Available Transfer Capability, Attachment C to their joint OATT.<sup>3</sup> Progress Energy requests that the revised tariff sheets be made effective September 11, 2007.

5. On December 10, 2007, Progress Energy made an errata filing to correct its September 11, 2007 filing. Progress Energy added its algorithm for calculating Non-Firm ATC for the Planning Horizon for PEF to the table on Substitute First Revised Sheet No. 210 of PEC's and PEF's OATT.<sup>4</sup> Progress Energy also revised the headers on the tariff sheets replacing Original Sheet Nos. 208, 209, and 210 to reflect that these pages "supersede" the originals, and the footers on the tariff sheets replacing Original Sheets 208 through 210F to correct the citation format, consistent with Order No. 614.<sup>5</sup>

## **III. Notice of Filing and Responsive Pleadings**

6. Notice of Progress Energy's September 11, 2007, filing was published in the *Federal Register*, 72 Fed. Reg. 54,025 (2007), with interventions and protests due on or before October 2, 2007. A motion to intervene was filed by North Carolina Electric Membership Corporation as to the PEC portion of the filing; motions to intervene were filed by Seminole Electric Cooperative, Inc., Reliant Energy, Inc., and Reedy Creek Improvement District as to the PEF portion of the filing. City of Fayetteville, North Carolina (City of Fayetteville) filed a motion to intervene and protest as to the PEC portion of the filing; Florida Municipal Power Agency (FMPA) filed a motion to intervene and protest as to the PEF portion of the filing. On October 17, 2007, Progress Energy filed an answer in response to FMPA's and the City of Fayetteville's protests.

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<sup>3</sup> The PEF tariff is filed as FERC Electric Tariff, Third Revised Volume No. 6. The PEC tariff is filed as FERC Electric Tariff, Fourth Revised Volume No. 3.

<sup>4</sup> Progress Energy states that it committed to correct this error in its October 17, 2007, Answer to Motions and Protests, at 4 n.16, filed in this docket.

<sup>5</sup> *Designation of Electric Rate Schedule Sheets*, FERC Statutes and Regulations, Regulations Preambles July 1996 – December 2000 ¶ 31,096 (2000) (Order No. 614).

7. Notice of Progress Energy's December 10, 2007 filing was published in the *Federal Register*, 72 Fed. Reg. 73,016 (2007), with interventions and protests due on or before December 31, 2007. None was filed.

#### **IV. Discussion**

##### **A. Procedural Matters**

8. Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.214 (2007), the unopposed motions to intervene serve to make the entities that filed them parties to this proceeding. Further, Rule 213(a)(2) of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.213(a)(2) (2007), prohibits an answer to a protest unless otherwise ordered by the decisional authority. We accept Progress Energy's answer because it has provided information that assisted us in our decision-making process.

##### **B. Progress Energy's Filing**

9. We accept Progress Energy's revised Attachment C, as modified below, to be effective September 11, 2007.<sup>6</sup> We also direct Progress Energy to file, within 30 days of the issuance of this order, a further compliance filing as discussed below.

##### **1. ATC Methodology**

10. In Order No. 890, the Commission required a transmission provider to clearly identify which methodology it employs (e.g., contract path, network ATC, or network Available Flowgate Capacity (AFC)). The transmission provider also must describe in detail the specific mathematical algorithms used to calculate firm and non-firm ATC and AFC for its scheduling, operating and planning horizons.<sup>7</sup> Further, the actual mathematical algorithms must be posted on the transmission provider's web site, with the link noted in the transmission provider's Attachment C.<sup>8</sup>

##### **a. Parties' Arguments**

11. The City of Fayetteville argues that Progress Energy's description of PEC's ATC and related calculations are not sufficiently transparent. It requests that if Progress

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<sup>6</sup> Progress Energy's Attachment C contains provisions related to both PEF and PEC. To the extent this order addresses provisions related to one but not the other, the provisions that are not addressed are deemed accepted.

<sup>7</sup> Order No. 890, FERC Stats. & Regs. ¶ 31,241 at *pro forma* OATT, Att. C; *see also id.* P 323.

<sup>8</sup> *Id.* P 325, 328.

Energy cannot provide transparency, the Commission require PEC to hire an independent third party to calculate ATC.

12. FMPA requests a technical conference to allow it to work with Progress Energy to develop an Attachment C that is more transparent and that will enable customers and regulators to verify ATC calculations. It argues that Progress Energy's proposal for PEF's ATC calculation is not sufficiently transparent, and FMPA cannot verify PEF's ATC calculations. In addition, FMPA argues that Progress Energy's statement that "interruptible demands are not utilized in determining ATC values"<sup>9</sup> requires further clarification as to how Progress Energy defines "interruptible demands."

13. Progress Energy responds that the Commission should deny the City of Fayetteville's request that it hire an independent third party to calculate ATC. It contends that the Commission explicitly concluded in Order No. 890 that the Commission-directed North American Electric Reliability Corporation (NERC) and North American Energy Standards Board (NAESB) processes eliminate any need for independent third-party ATC calculations. However, Progress Energy recognizes that ATC calculations are complicated and is willing to meet with FMPA and the City of Fayetteville to answer questions and provide additional clarity.

14. Further, Progress Energy responds that its Attachment C description of its ATC calculations is only beginning the process of improving transparency and provides "'a reasonable understanding of the transmission provider's ATC calculation processes.'"<sup>10</sup> Progress Energy states that its calculations will become clearer after the NERC and NAESB processes are completed and those reliability standards and business practices are incorporated. Progress Energy contends that the Commission should strive for industry-wide consistency in ATC calculations, and individual technical conferences could create conflicts with the ATC standards and practices being developed by NERC and NAESB.

#### **b. Commission Determination**

15. We have reviewed Progress Energy's filing and find that Progress Energy's revised Attachment C for PEC and PEF does not provide the link to either PEC's or PEF's web site, respectively, with the actual mathematical algorithms. Therefore, Progress Energy's filing fails to comply with Order No. 890. We direct Progress Energy to file, within 30 days of the issuance of this order, a further compliance filing that revises its Attachment C to provide the links to PEC's and PEF's web sites with the

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<sup>9</sup> See Progress Energy filing, Att. A, Substitute First Revised Sheet No. 210 (Dec. 10, 2007).

<sup>10</sup> Progress Energy's Response at 4 (Oct. 17, 2007) (quoting Order No. 890, FERC Stats. & Regs. ¶ 31,241 at P 326).

actual mathematical algorithms, as required in Order No. 890. The algorithms must clearly show how firm, non-firm, and/or scheduled services are accounted for when calculating ATC for different time horizons, as required by Order No. 890. We believe the posting of these algorithms will address FMPA's concern that PEF's ATC calculation is not transparent. We also agree with FMPA's request for further clarification as to how PEF defines interruptible demands; therefore, we direct Progress Energy to clarify how it defines interruptible demands in its revised Attachment C filing.

16. We deny the City of Fayetteville's request that the Commission require Progress Energy to hire a third party, independent of Progress Energy, to be responsible for calculating the ATC consistent with a transparent methodology. We agree with Progress Energy that the Commission-directed NERC and NAESB processes are expected to standardize and make transparent the ATC calculations and consequently eliminate the need for independent third-party ATC calculations. Moreover, we find that posting of the actual mathematical algorithms, as required above, will increase the transparency of the ATC calculation.

17. We also deny FMPA's request for the Commission to initiate a technical conference. As discussed above, we have accepted Progress Energy's compliance filing subject to Progress Energy submitting additional explanations concerning a number of aspects of its ATC calculations. In addition, Progress Energy has committed to meet with FMPA and the City of Fayetteville concerning its methodology to assess ATC.<sup>11</sup> Accordingly, we conclude that a Commission-initiated technical conference is not necessary at this time.

## **2. Available Flowgate Capacity**

18. In Order No. 890, the Commission required that if a transmission provider uses an AFC methodology to calculate ATC, it must: (i) explain its definition of AFC; (ii) explain its AFC calculation methodology; (iii) explain its process for converting AFC into ATC for OASIS posting; (iv) list the databases that are used in its AFC assessments; and (v) explain the assumptions used in its AFC assessments regarding the load levels, generation dispatch, and modeling of both planned and contingency outages.<sup>12</sup>

### **a. Commission Determination**

19. We have reviewed Progress Energy's filing and find that its revised Attachment C for PEC does not present a detailed explanation of its AFC calculation methodology. Furthermore, the types of databases used to calculate AFC are not specified. Moreover, the assumptions used for AFC calculation regarding load levels, generation dispatch, and

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<sup>11</sup> Progress Energy's Response at 2.

<sup>12</sup> Order No. 890, FERC Stats. & Regs. ¶ 31,241 at *pro forma* OATT, Att. C.

modeling of planned and contingency outages are not listed clearly. Therefore, Progress Energy's filing fails to comply with Order No. 890. We direct Progress Energy to file, within 30 days of the issuance of this order, a further compliance filing that revises its Attachment C to specify the type of database used to calculate AFC, as well as a list of the assumptions used for AFC calculation regarding load levels, generation dispatch, and modeling of planned and contingency outages.

### **3. Detailed Explanation of the ATC Components**<sup>13</sup>

#### **a. Existing Transmission Commitments**

20. In Order No. 890, the Commission required a transmission provider to explain: (i) its definition of ETC; (ii) the calculation methodology used to determine the transmission capacity to be set aside for native load (including network load) and non-OATT customers (including, if applicable, an explanation of assumptions on the selection of generators that are modeled in service) for both the operating and planning horizons; (iii) how point-to-point transmission service requests are incorporated; (iv) how rollover rights are accounted for; and (v) its processes for ensuring that non-firm capacity is released properly (e.g., when real-time schedules replace the associated transmission service requests in its real-time calculations).<sup>14</sup>

#### **1. Parties' Arguments**

21. FMPA questions Progress Energy's statement that, for PEF, non-firm products do not exist in the Planning Horizon. In addition, FMPA states that Progress Energy's proposal for PEF is not clear as to how modeling point-to-point transactions is comparable to modeling the assumption of economically dispatched designated resources. FMPA also requests greater detail in the description of how PEF will calculate its ETC in each of the planning horizons and for firm and non-firm ATC, as required by Order No. 890 (P 244).

#### **2. Commission Determination**

22. We have reviewed Progress Energy's filing and find that its revised Attachment C for PEF does not explain clearly how point-to-point transmission service requests are incorporated. Therefore, Progress Energy's filing fails to comply with Order No. 890. We direct Progress Energy to file, within 30 days of the issuance of this order, a further compliance filing that revises its Attachment C to provide a clear explanation of how

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<sup>13</sup> The ATC components are total transfer capability (TTC), existing transmission commitments (ETC), capacity benefit margin (CBM), and transmission reserve margin (TRM).

<sup>14</sup> Order No. 890, FERC Stats. & Regs. ¶ 31,241 at *pro forma* OATT, Att. C.

point-to-point transmission service requests are incorporated and how modeling point-to-point transactions is comparable to modeling the assumption of economically dispatched designated resources.

23. We accept Progress Energy's December 10, 2007 amendment to its filing, which addresses FMPA's question regarding Progress Energy's statement that non-firm products do not exist in the Planning Horizon. In that filing, Progress Energy added its non-firm ATC calculation for the planning horizon, which resolves FMPA's concern.

**b. Transmission Reserve Margin**

24. In Order No. 890, the Commission required a transmission provider to explain: (i) its definition of TRM; (ii) its TRM calculation methodology (e.g., its assumption on load forecast errors, forecast errors in system topology or distribution factors and loop flow sources) for both the operating and planning horizons; (iii) the databases used in its TRM assessments; and (iv) the conditions under which the transmission provider uses TRM. If the transmission provider does not use TRM, it must so state.<sup>15</sup>

**1. Parties' Arguments**

25. FMPA criticizes several aspects of Progress Energy's proposal for PEF's derivation of TRM. Progress Energy proposes that PEF determine the appropriate amount of TRM at each of its interfaces, by taking into account the facilities of other Florida Reliability Coordinating Council (FRCC) Transmission Providers and modeling, when appropriate, a generating unit off-line that is critical to that particular interface and computing the transfer capability obtained using either the most limiting contingency (line or generating unit (inertial response)) or FRCC operating reserves scheduled in a loadflow due to the outage of the most limiting generating unit. FMPA seeks clarification as to the criteria for determining whether a generating unit is critical to an interface. Further, FMPA questions how PEF will determine when it is appropriate to model a generating unit off-line. Additionally, FMPA asks if customers will be able to identify when the TRM is determined by the most limiting critical generator or FRCC operating reserve requirements. If TRM is determined by a critical generator, FMPA inquires whether customers will be able to identify the specific critical generator. FMPA argues that this information is critical and should be posted along with the TRM value.

**2. Commission Determination**

26. We have reviewed Progress Energy's filing and find that Progress Energy's revised Attachment C for PEF does not present a clear explanation of its TRM calculation methodology. Progress Energy fails to provide a list of assumptions and databases used to calculate TRM, particularly those related to how it determines which generator is

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<sup>15</sup> Order No. 890, FERC Stats. & Regs. ¶ 31,241 at *pro forma* OATT, Att. C.

critical to the particular interface.<sup>16</sup> Therefore, Progress Energy's filing fails to comply with Order No. 890. We direct Progress Energy to file, within 30 days of the issuance of this order, a further compliance filing that revises its Attachment C to provide a clear explanation of PEF's TRM calculation methodology and clearly explain the assumptions used to calculate TRM, particularly those related to how Progress Energy determines which generator is critical to the particular interface. This compliance requirement should address FMPA's concerns as to the criteria for determining which units are critical for interface, and under what conditions they are modeled off-system.

27. In response to FMPA's question regarding whether customers will be able to identify when the TRM is determined by the most limiting critical generator or FRCC operating reserve requirements, we direct Progress Energy to clarify this in its compliance filing.

28. We deny FMPA's request that the information on critical units impacting TRM be posted on OASIS along with the TRM value, because the information of critical units affecting a capacity on an interface falls under protections granted to Critical Energy Infrastructure Information (CEII). However, we note that PEC and PEF must, as required in Order Nos. 890 and 890-A, make available, upon request, all data used to calculate ATC, TTC, CBM, and TRM for any constrained posted path, subject to appropriate confidentiality protections and CEII requirements.<sup>17</sup>

**c. Capacity Benefit Margin**

29. In Order No. 890, the Commission required a transmission provider to provide a specific and self-contained narrative description detailing its CBM practice for both the operating and planning horizons. The narrative must include: (i) the identification of the entity that performs the resource adequacy analysis for CBM determination; (ii) the methodology used to perform generation reliability assessments (e.g., probabilistic or deterministic); (iii) an explanation whether the assessment method reflects a specific regional practice; (iv) the assumptions used in determining this assessment; and (v) the basis for the selection of paths on which CBM is set aside.<sup>18</sup>

30. Furthermore, the Commission required a transmission provider to explain its definition of CBM and list the databases used in its CBM calculations.<sup>19</sup> It also must

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<sup>16</sup> Progress Energy filing, Att. A, Original Sheet No. 210D (Dec. 10, 2007).

<sup>17</sup> Order No. 890, FERC Stats. & Regs. ¶ 31,241 at P 348; Order 890-A, FERC Stats. & Regs. ¶ 31,261 at P 148.

<sup>18</sup> Order No. 890, FERC Stats. & Regs. ¶ 31,241 at P 348.

<sup>19</sup> *Id.*; *see also id.* P 337.



demonstrate that there is no double-counting of contingency outages when performing CBM, TTC, and TRM calculations.<sup>20</sup>

31. Finally, the Commission required a transmission provider to explain its procedure for allowing the use of CBM during emergencies. It must explain what constitutes an emergency, identify the entities that are permitted to use CBM during emergencies, and describe the procedures which must be followed by the transmission provider's merchant function and other load-serving entities when they need to access CBM. If the transmission provider's practice is not to set aside transfer capability for CBM, it must so state.<sup>21</sup>

### **Commission Determination**

32. We have reviewed Progress Energy's filing and find that Progress Energy's revised Attachment C for PEC does not provide an adequate explanation of its CBM practice. Progress Energy does not present its procedures for allowing the use of CBM during emergencies by not providing a clear definition of what constitutes an emergency, not providing the list of entities that are permitted to use CBM during emergencies, and not providing the procedure that needs to be followed by Progress Energy's merchant function and other load-serving entities when they need to access CBM. Therefore, Progress Energy's filing fails to comply with Order No. 890. We direct Progress Energy to file, within 30 days of the issuance of this order, a further compliance filing that revises its Attachment C to provide the CBM-related requirements as listed above.

#### **The Commission orders:**

(A) Progress Energy's compliance filing is hereby accepted, as modified, effective September 11, 2007, as discussed in the body of this order.

(B) Progress Energy is hereby directed to submit a compliance filing, within 30 days of the issuance of this order, as discussed in the body of this order.

By the Commission.

( S E A L )

Kimberly D. Bose,  
Secretary.

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<sup>20</sup> *Id.* at *pro forma* OATT, Att. C.

<sup>21</sup> *Id.*